

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

STARRED QUESTION NO:376

ANSWERED ON:08.04.2003

CHEMICALS AND FERTILIZERS PLANTS IN THE COUNTRY

C. SREENIVASAN;M.H. AMBAREESH

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether it is fact that many fertilizer and chemical plants started long ago have been delayed badly thereby escalating the cost of these projects;
- (b) if so, the details of such projects, State-wise alongwith the reasons therefor; and
- (c) the steps taken by the Central Government for their early completion?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA)

(a) to (c) : A Statement is laid on the Table of the Lok Sabha.

Statement referred to in the reply to Lok Sabha Starred Question No.376 for reply on 8.4.2003 regarding 'Chemicals and Fertilizers plants in the country'.

(a) to (c) : Setting up of fertilizer plants and of most chemical plants is not subject to licensing requirements and entrepreneurs can set up manufacturing facilities after filing an Industrial Entrepreneurs Memorandum (IEM).

In so far as Chemical plants in the public sector are concerned, the relocation of Delhi unit of Hindustan Insecticides Limited (HIL), which was closed under the Orders of Supreme Court with effect from 1st December, 1996, had been delayed. This plant was originally scheduled to be commissioned by December, 2000 at a cost of Rs.7.70 crores, but the project was delayed due to various reasons like the time taken in the allotment of land and modifications to be carried out in design and capacities of the plant in terms of covered area and equipments to meet the norms of M/s Punjab State Industries & Export Corporation (PSIEC) and M/s FACT Engineering & Design Organization (FEDO). The plant was initially earmarked for relocation in any of these States, i.e. Uttar Pradesh, Himachal Pradesh, Punjab, Haryana and Rajasthan. Finally the land for the project was allotted by PSIEC in May, 1999. The plant has since been relocated at Bathinda, Punjab at a cost of Rs.10.70 crores (approx.) and is now operational.

In so far as Fertilizer plants in the public sector are concerned, there is only one major project under implementation. This is the Namrup Revamp Project at Namrup in Assam being implemented by the Brahmaputra Valley Fertilizer Corporation Limited (BVFC), a new Company formed on segregation of the Namrup units from Hindustan Fertilizer Corporation Limited (HFC). Implementation commenced on 2.11.1998 and was scheduled to be completed by 1st February, 2002 at a cost of Rs.525.47 crore. Although the Namrup-I & III units restarted production after revamp in March 2002, completion of Namrup-II unit's revamp has been delayed.

The completion of the project has been delayed due to a combination of factors such as delay in supply of critical equipment by vendors, suppliers backing out after orders were placed, poor response to enquiries, slow progress of civil and erection work by the site contractor and delay in transportation of critical equipment. In order to speed up project implementation, the Government has been monitoring progress of revamp jobs during site visits, deputing technical experts from other fertilizer PSUs /cooperative societies to assist the project team as well as ensuring presence of the Chief Executive of BVFC and senior executives of the consultant at Namrup and release of adequate funds to meet project expenditure.